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FM AMEMBASSY NDJAMENA

TO RUEHC/SECSTATE WASHDC IMMEDIATE 7469

INFO RUCNFUR/DARFUR COLLECTIVE PRIORITY

RUEHEE/ARAB LEAGUE COLLECTIVE PRIORITY

RUEHZO/AFRICAN UNION COLLECTIVE PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RHMFISS/HQ USAFRICOM STUTTGART GE PRIORITY

UNCLAS SECTION 01 OF 02 NDJAMENA 000563

SIPDIS

SENSITIVE

STATE FOR AF/C

STATE FOR S/USSES

STATE FOR EEB

OSD FOR DASD HUDDLESTON

TREASURY FOR BOYE

NSC FOR GAVIN

LONDON FOR POL - LORD

PARIS FOR POL - BAIN AND KANEDA

ADDIS ABABA ALSO FOR AU

E.O. 12958: N/A

TAGS: [PGOV](#) [EPET](#) [EFIN](#) [PREF](#) [PREL](#) [IMF](#) [MASS](#) [MARR](#) [IBRD](#)

CD

SUBJECT: BLACK GOLD RISING? CHAD'S PROSPECTIVE OIL REVENUES, 2009 AND 2010

REF: A. NDJAMENA 540

[B.](#) NDJAMENA 531

[C.](#) NDJAMENA 471

SUMMARY

[¶11.](#) (SBU) ESSO/Chad has returned to a normal pattern of payment to the GOC, after the 2008-2009 decline in world oil prices and the restructuring of the ESSO-GOC payment agreement resulted in lower-than-normal GOC oil revenues in the first half of 2009, ESSO/Chad chief De Mahieu told Ambassador Nov 18. De Mahieu estimated that Chad Government oil revenues would go from 350-400 million USD in 2009 to 600-800 million USD in 2010, if oil prices stayed at current levels and ESSO/Chad's output stayed constant.

[¶12.](#) (SBU) De Mahieu is not a purveyor of rosy scenarios. If his estimates of current and future Chad oil revenues are accurate, this makes very good news for the GOC in 2010 and beyond. Chad's best revenue year, to put all this in perspective, was 2008, when it took in 1.2 billion/billion USD. The GOC's total revenues for the next few years might have an impact on the viability of USG assistance to Chad to purchase military transport aircraft, provided that the GOC work closely with the IMF and World Bank to ensure that major military expenditures are made within the budgetary frameworks agreed between Chad and the IFIs (Ref A). END SUMMARY.

ESSO/CHAD CHIEF
ON OIL REVENUES

[¶13.](#) (SBU) ESSO/Chad chief Stephane de Mahieu briefed Ambassador and P/E Chief November 18 on the consortium's payments to the GOC in 2009 and 2010. The 2008-2009 decline in world oil prices and the restructuring of ESSO's payment agreement with the GOC led to an overpayment on the part of

the consortium at the beginning of 2009. De Mahieu said that 2009-generated royalties and taxes owed to the GOC were applied against the overpayment, which cleared the books in October. ESSO returned to a normal payment stream, at current price and volume, as of November.

2009 - REVENUES OFF

¶4. (SBU) De Mahieu estimated that Chad's oil revenues for 2009 would likely be 350-400 million USD, which was better than anticipated. He said that September had been critical with the GOC burning through its line of credit at BEAC with little future revenue in sight. By contrast, he noted that the GOC had recently ceased approaching ESSO for advances or pre-payments of projected royalties.

2010 - A BETTER YEAR

¶5. (SBU) De Mahieu postulated that if oil prices stayed at current levels and the Doba field's output stayed constant, the combination of royalties and payments would generate some 600 - 800 million USD in revenue for the GOC during 2010. He cautioned, however, that there were additional external factors that could affect his forecast, such as future OPEC decisions. Other constraints on the GOC budget, such as the repayment of the BEAC line of credit and public revenue management efforts by the IMF, could also affect the GOC's freedom to spend the money as it wished.

COMMENT

¶6. (SBU) De Mahieu is not a purveyor of rosy scenarios. If his estimates of current and future Chad oil revenues are accurate, this makes very good news for the GOC in 2010 and beyond. Chad's best revenue year, to put all this in perspective, was 2008, when it took in 1.2 billion/billion USD. The GOC's total revenues for the next few years might have an impact on the viability of USG assistance to Chad to purchase military transport aircraft, provided that the GOC work closely with the IMF and World Bank to ensure that major military expenditures are made within the budgetary frameworks agreed between Chad and the IFIs. END SUMMARY.

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